



Q3'11 Results presentation

Vueling Airlines, 14 November 2011

Agenda

- A. Highlights & Market
- B. Financial Review
- C. Business Review
- D. Outlook



A.

Highlights & Market

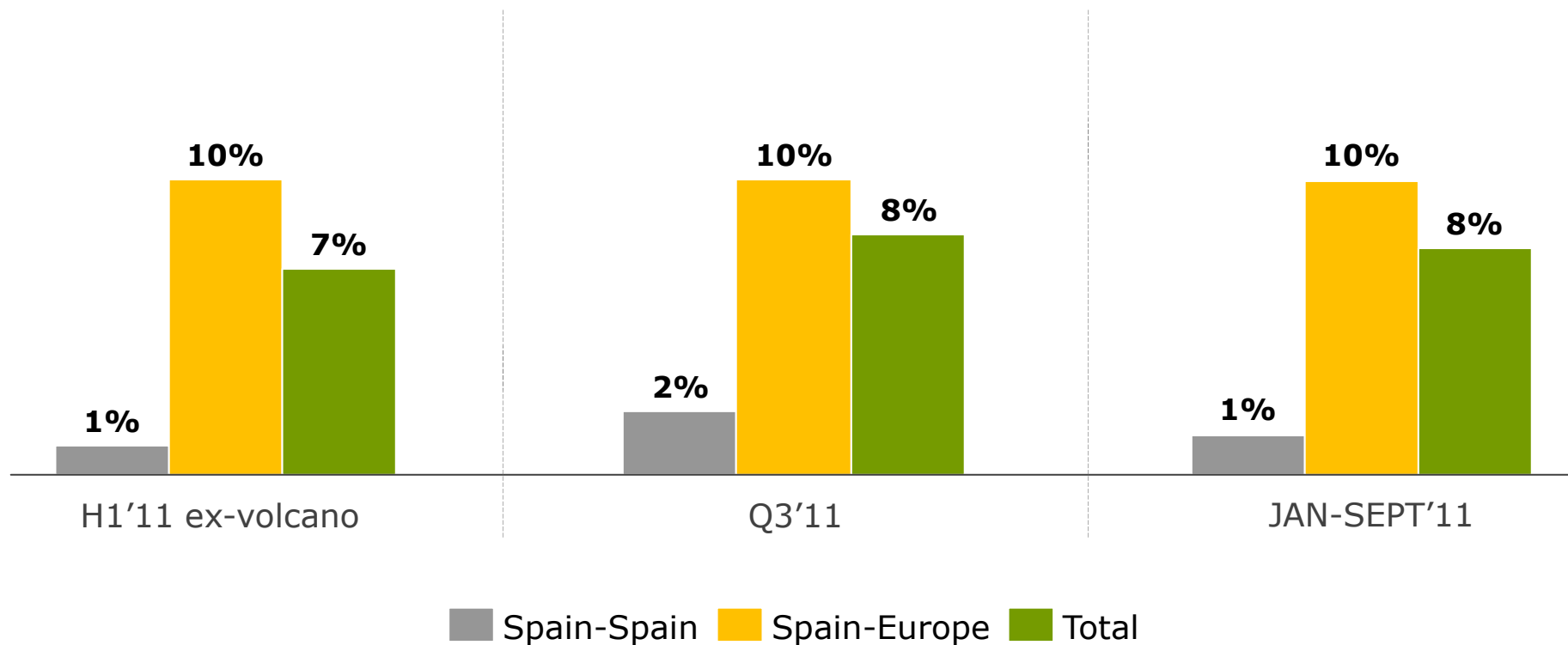


1. Highlights
2. Market evolution
3. Fuel and dollar

- Vueling Q3'11 EBIT amounted to €60.8m
- Significant capacity increase (+12% ASK and +17% seats) driven by new international bases and Madrid operation as a result of the agreement with Iberia
- Positive RASK performance (+7%), showing a reversal on previous quarters trends
- CASK increases (+11%) driven by higher fuel prices, 48% higher than last year
- Despite fuel cost increase, improvement of EBIT result by 2% year-on-year, reaching a net income for the period of €41m
- Vueling continued to maintain a strong cash position, strengthening further its solid balance sheet structure (€285m in net cash, as of September 30th 2011)

Spanish market grew driven by European traffic as domestic demand remains weak

Market Growth (% passenger change year-on-year)

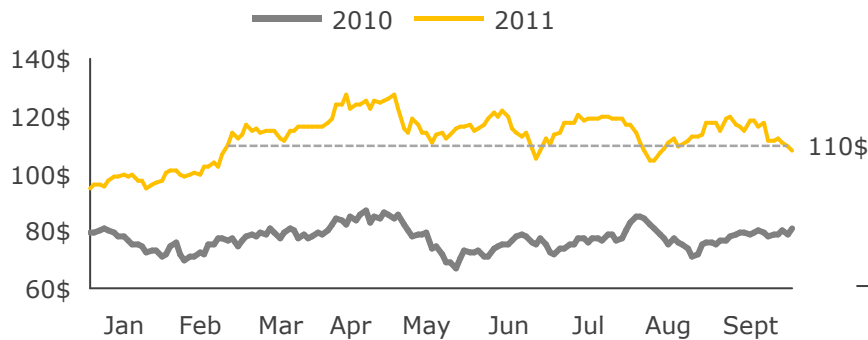


Source: Aena and Vueling estimates.

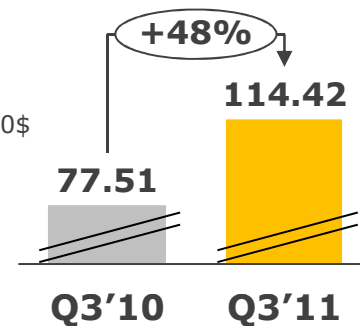
Without excluding volcano effect: H1'11 SPA-SPA=+2%/H1'11 SPA-EUR=+14%/Q2'11 TOTAL=+11%, JAN-SEP SPA-SPA=+2%/JAN-SEP SPA-EUR=+12%/JAN-SEP TOTAL=+10%

High oil prices remained, but appeared stable around \$110-\$115 per barrel

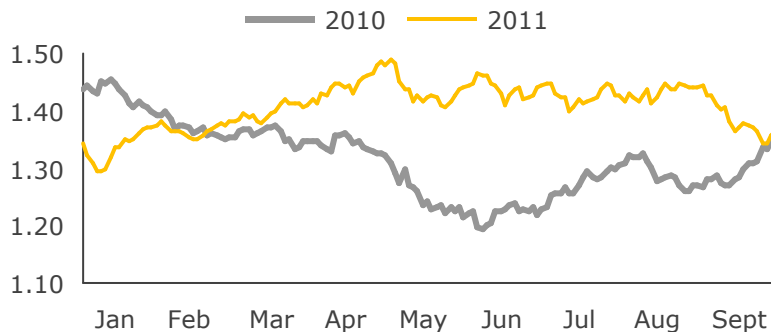
Brent barrel price evolution



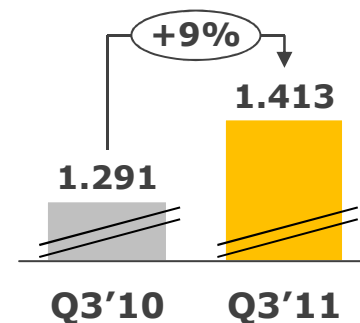
\$/bbl % change



€/USD evolution



€/USD % change



- Oil price rose 48%* vs. last year in the Q3'11
- The oil price appears stabilized around \$110-\$115 per barrel
- The euro / dollar exchange rate improved 9%, insufficient to offset the fuel price increase

Source: Reuters *Brent barrel, Jet fuel raised 46%

B.

Financial Review



1. P&L Overview
2. Revenues
3. Costs
4. EBIT Review
5. Balance Sheet

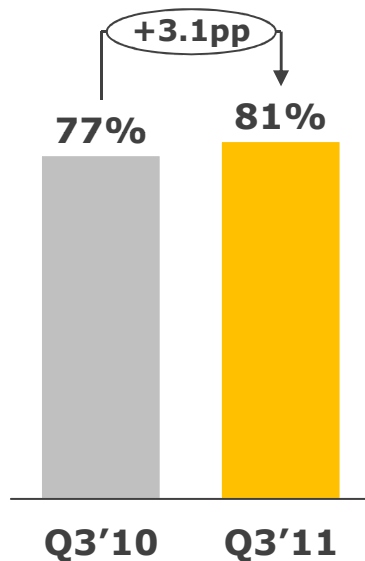
Despite the increase in fuel cost Vueling had a significant increase in capacity and improved its EBIT result by 2%

	Q3'11	Q3'10	YoY change
ASK (m)	4,643	4,138	+12%
Revenues (€m)	330,5	276,6	+20%
Fuel (€m)	-87.4	-58.1	+51%
Opex (€m)	-152.0	-133.2	+14%
D&R (€m)	-30.3	-25.9	+17%
EBIT (€m)	+60.8	+59.4	+2%
Net cash flow (€m)	+8.5	+25.8	-17m

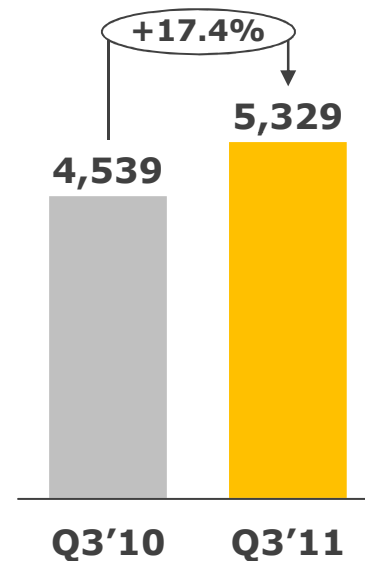
Source: Vueling Note: D&R: Depreciation + Aircraft Rent, Opex: Other operating expenses

Vueling managed significant growth in capacity while achieving a higher load factor

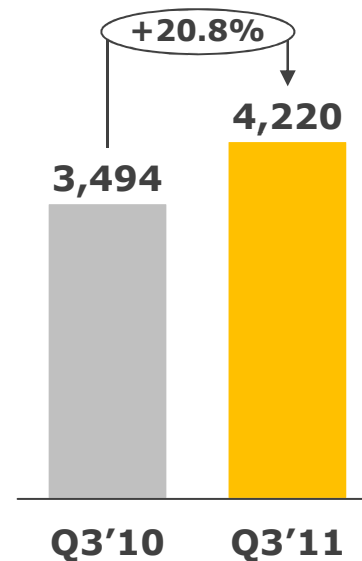
Load factor¹



Seats ('000)



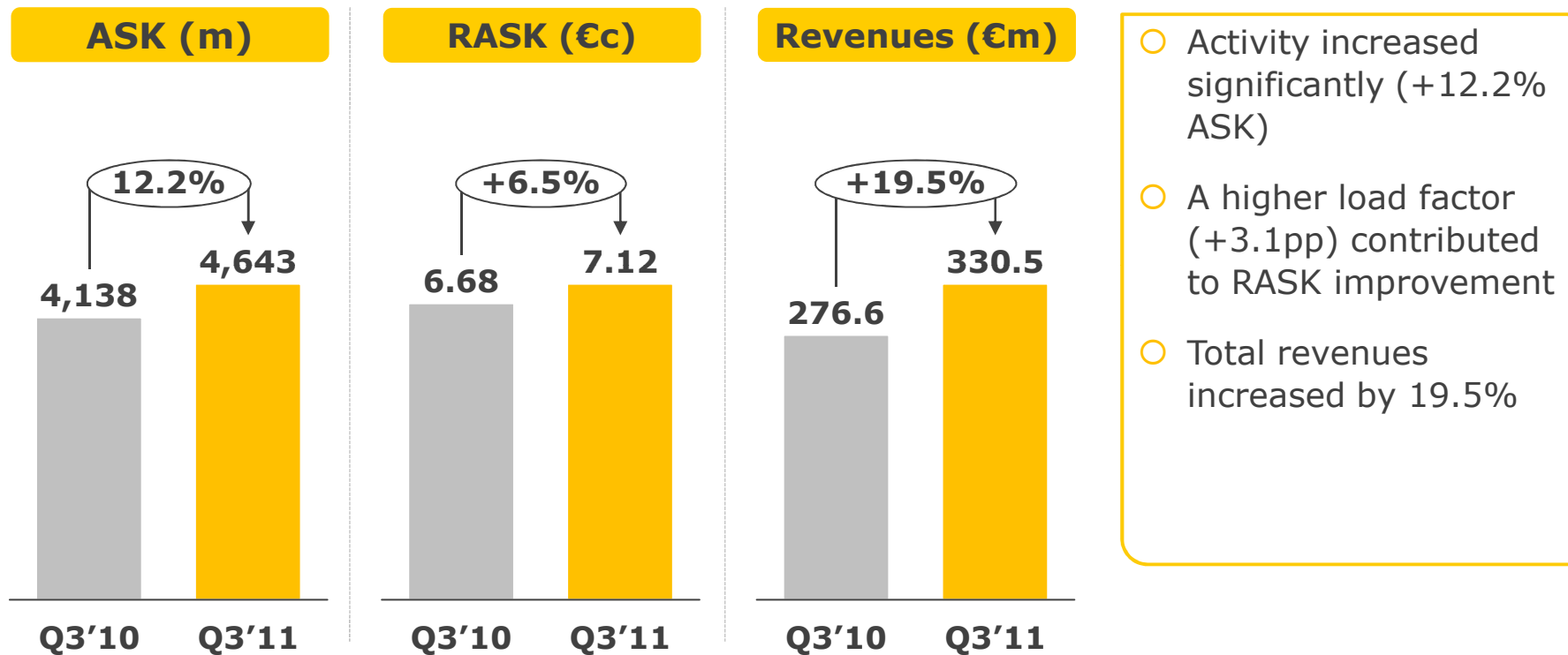
Pax ('000)



- Capacity, measured in seats, grew by 17.4%
- Vueling managed the capacity increase efficiently, improving load factor by +3.1pp
- Passengers were up by 20.8%

Source: Vueling (1): RPK/ASK

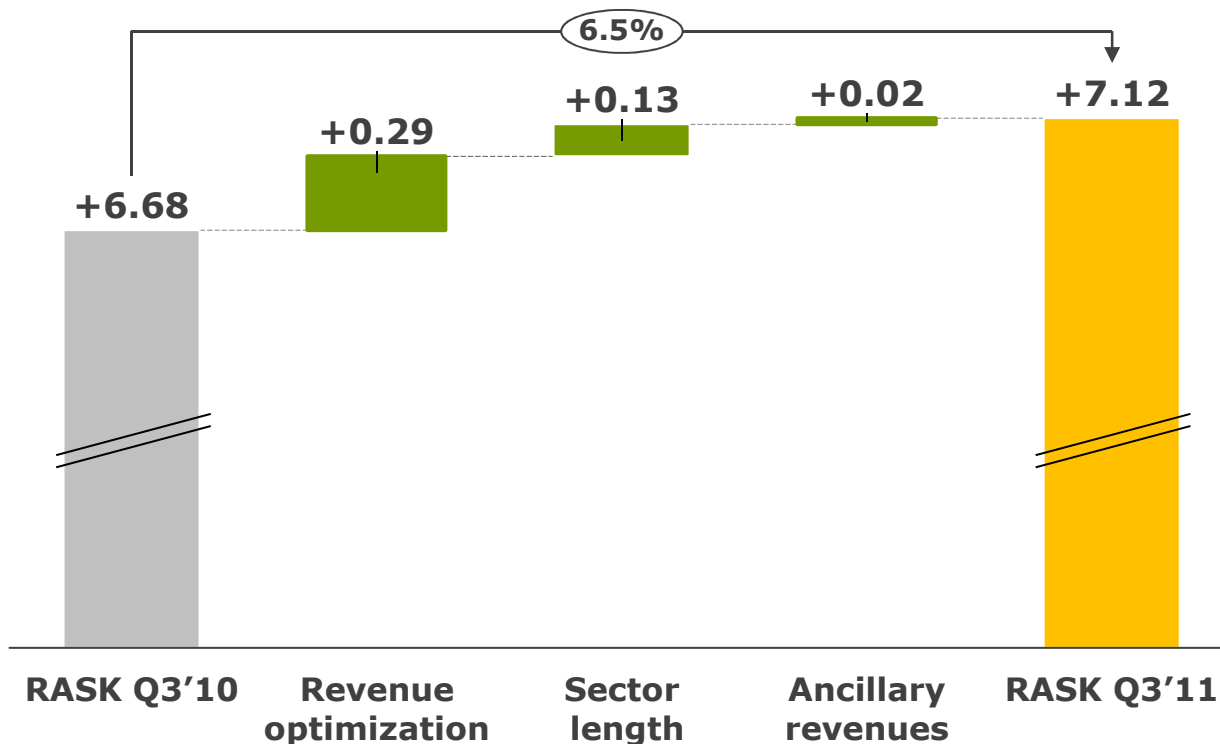
Revenues increased by 19% driven by growth and RASK improvement



Source: Vueling

RASK improved by 6% driven by better performance and routing

Impact of key factors on RASK (€c)

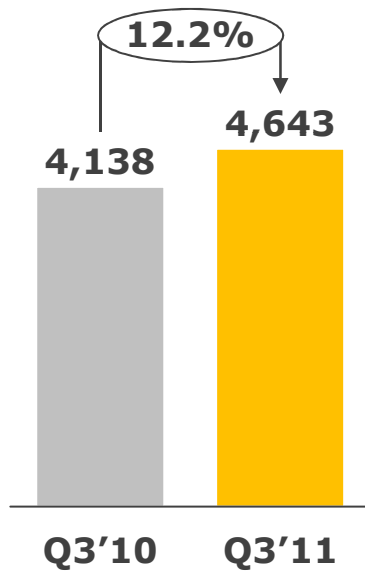


- Enhanced revenue management initiatives resulted in a positive revenue performance in Q3'11, a trend reversal versus previous quarters
- Shorter average sector length contributed to RASK improvement
- Positive contribution of ancillaries to RASK due to the optimization of pricing and the maturity of existing products

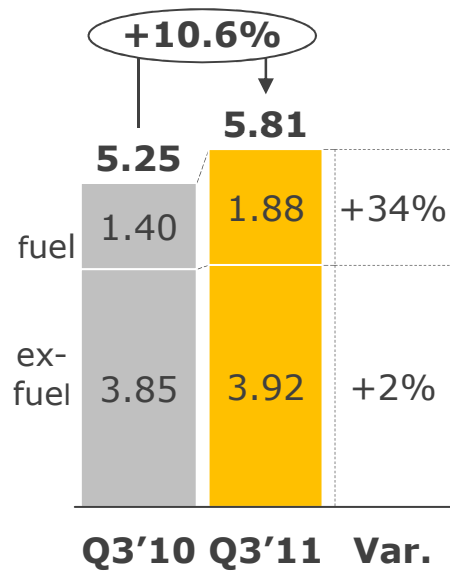
Source: Vueling

CASK increased due to a 48% increase in fuel price

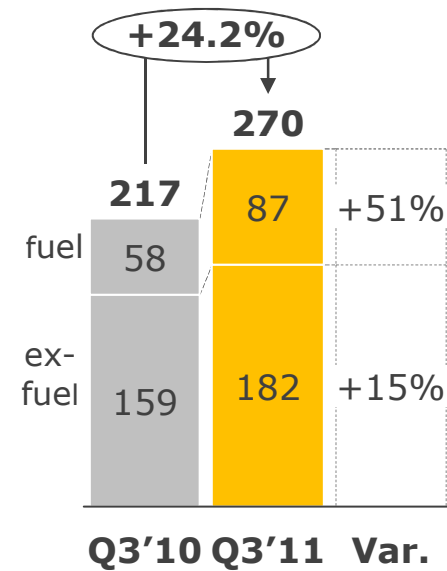
ASK (m)



CASK (€c.)



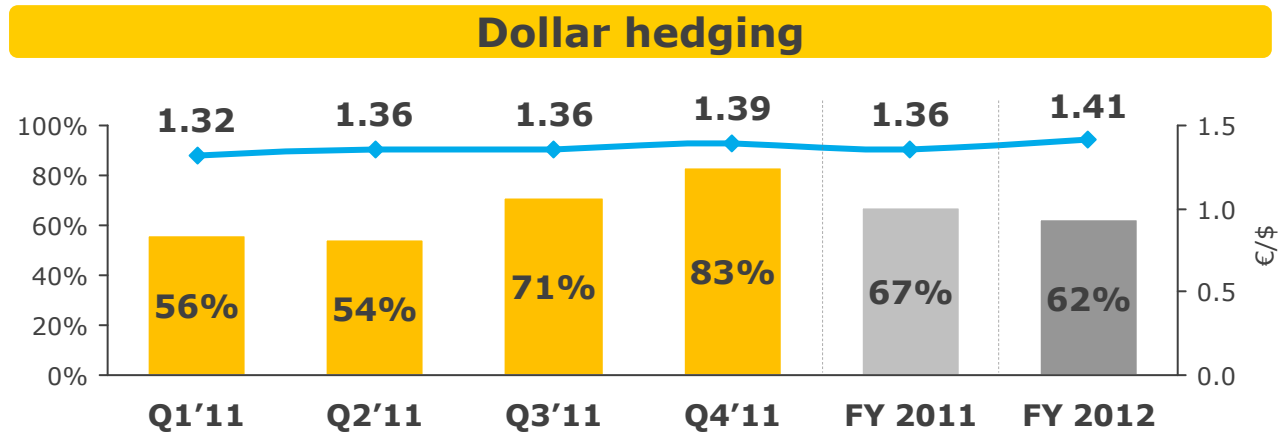
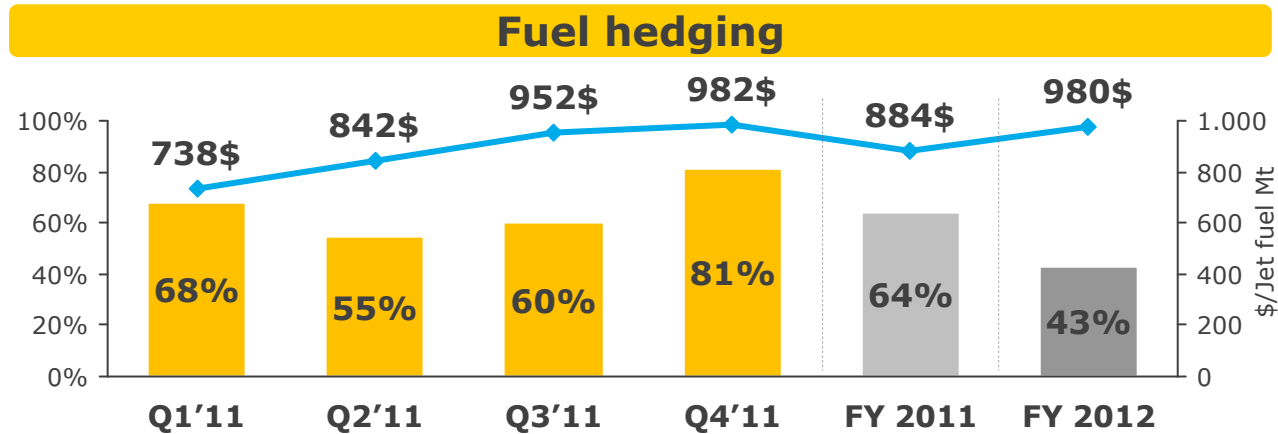
Costs (€m)



- Fuel increase drove total CASK performance up
- CASK ex-fuel increased slightly (+2%) due to a lower stage length (-4%)
- CASK fuel increased by 34%, less than the 48% increase in the fuel price, due to hedging

Source: Vueling (*) Brent barrel. Jet fuel increased 46%

The hedging policy contributed to mitigate the fuel price increase

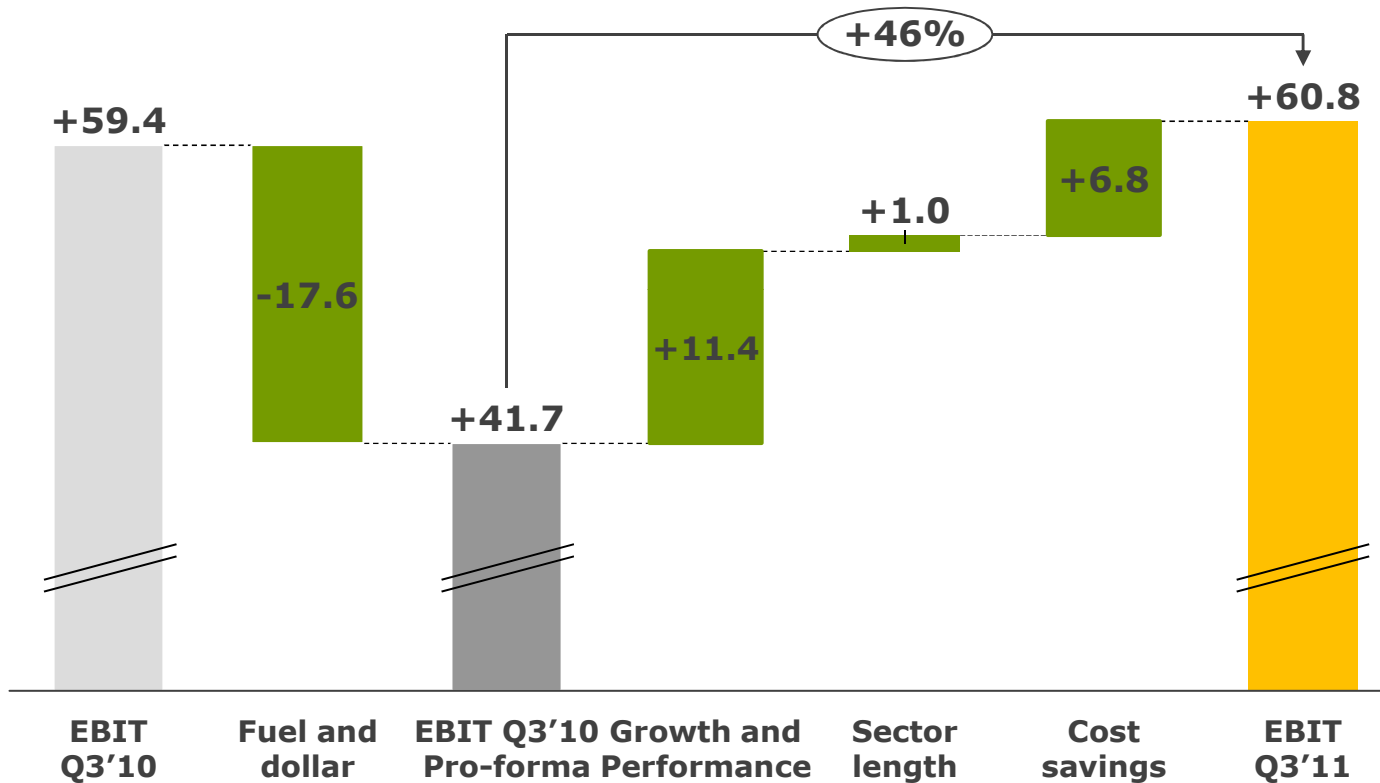


- 81% of the fuel needs for the remainder of the year are hedged at 884\$ per tonne
- 43% of the fuel needs for FY2012 are hedged at 980\$ per tonne
- 62% of the dollar needs for 2012 are hedged at 1.41\$/€

Source: Vueling (*) Brent barrel. Jet fuel increased 46%

Revenue optimization and cost savings offset the increase in fuel price

Impact of key factors EBIT (€m)



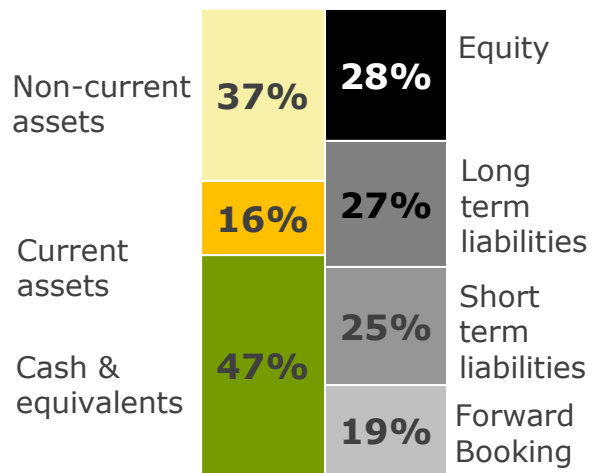
- External factors (fuel and dollar) had a negative net impact of €17.6m
- EBIT increased by 2% driven by revenue optimization and cost savings, which offset the fuel price increase

Source: Vueling

Vueling continued to strengthen its balance sheet, maintaining a solid cash position

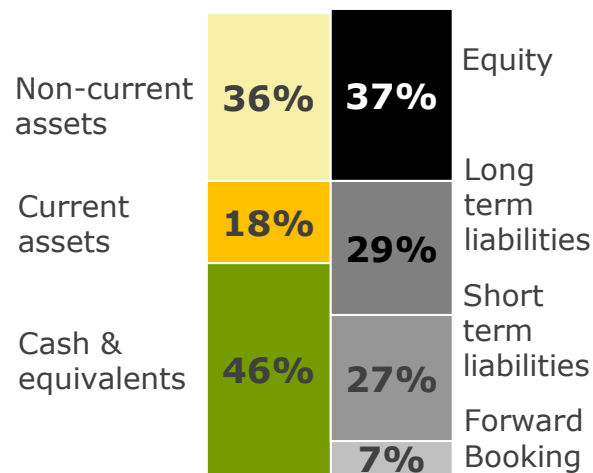
Balance Sheet as of Q2'11

Σ €609m

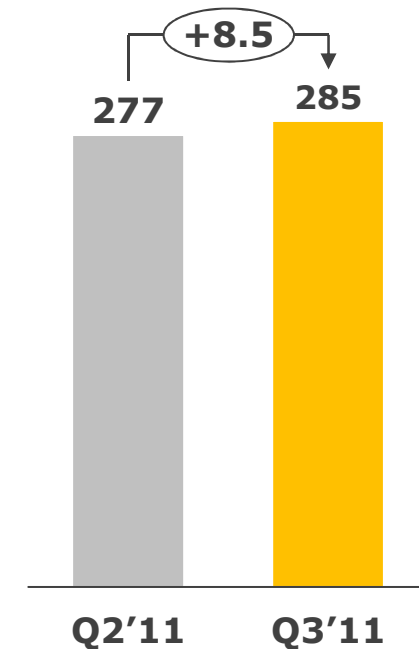


Balance Sheet as of Q3'11

Σ €639m



Net cash (€m)



Source: Vueling

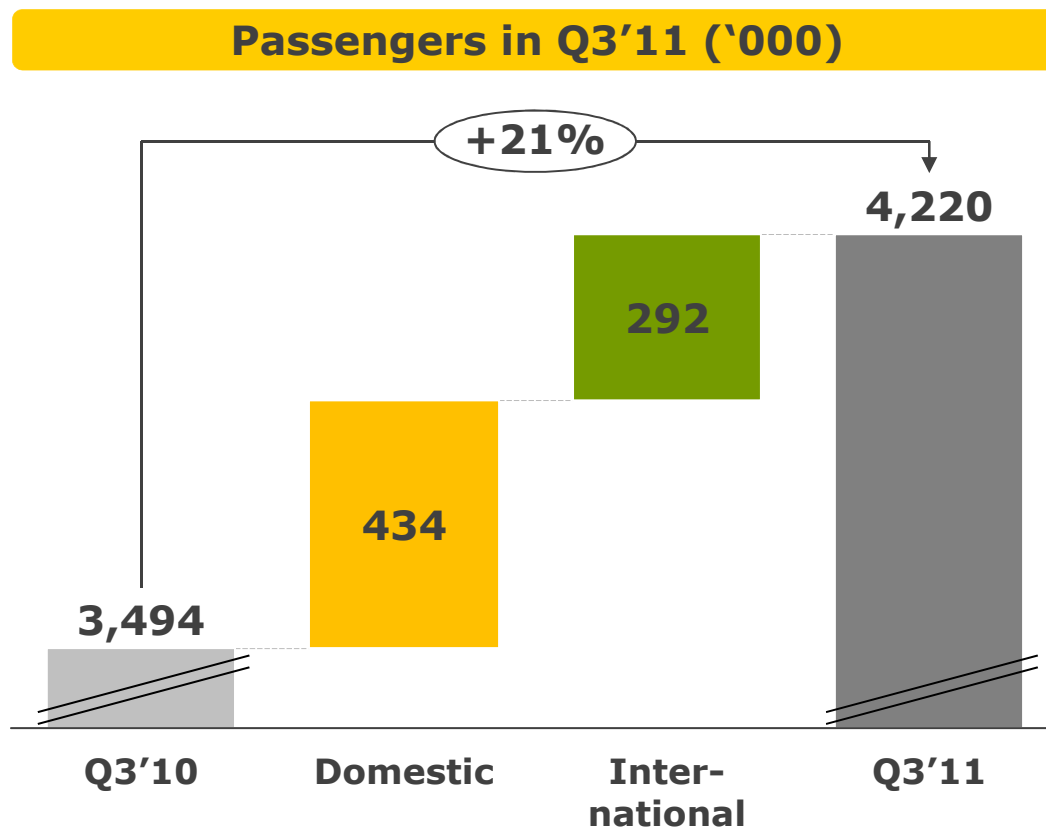
C

Business Review



1. Growth
2. Connecting passengers
3. Madrid operation
4. Winter routes
5. Internationalization
6. Business passenger
7. Operating performance
8. Cost control

Vueling showed a strong passenger growth during the summer peak

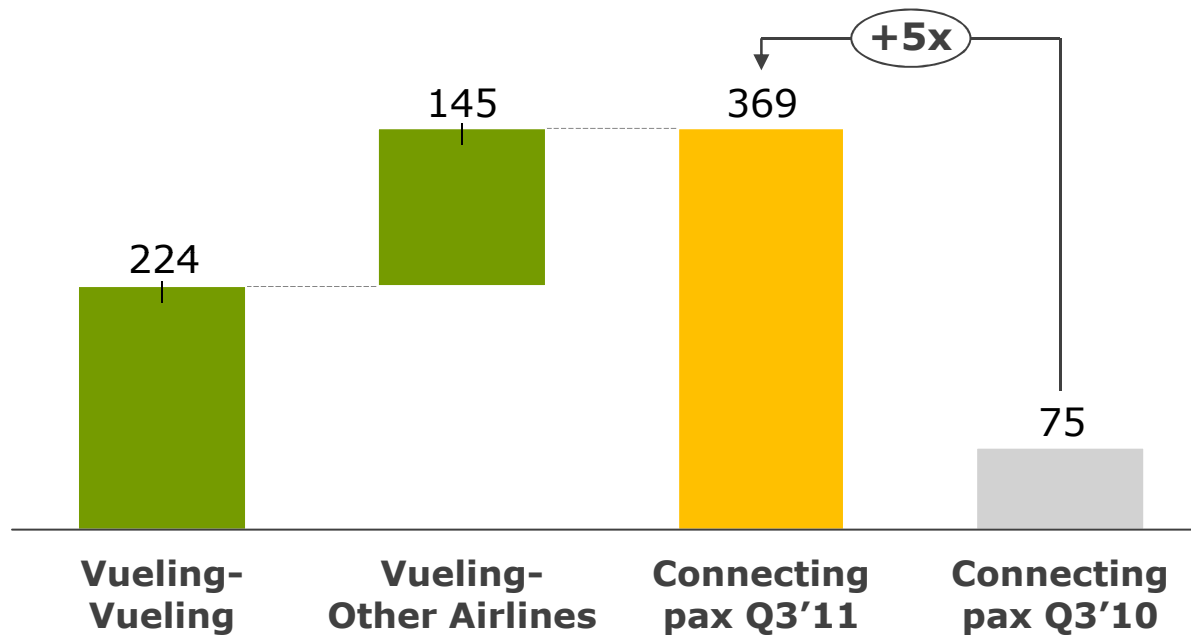


- The Iberia operation in Madrid drove domestic growth
- The new European bases in Amsterdam and Toulouse together with new summer routes contributed to the international growth

Source: Vueling

Q3'11 transfer passengers were up five fold year-on-year

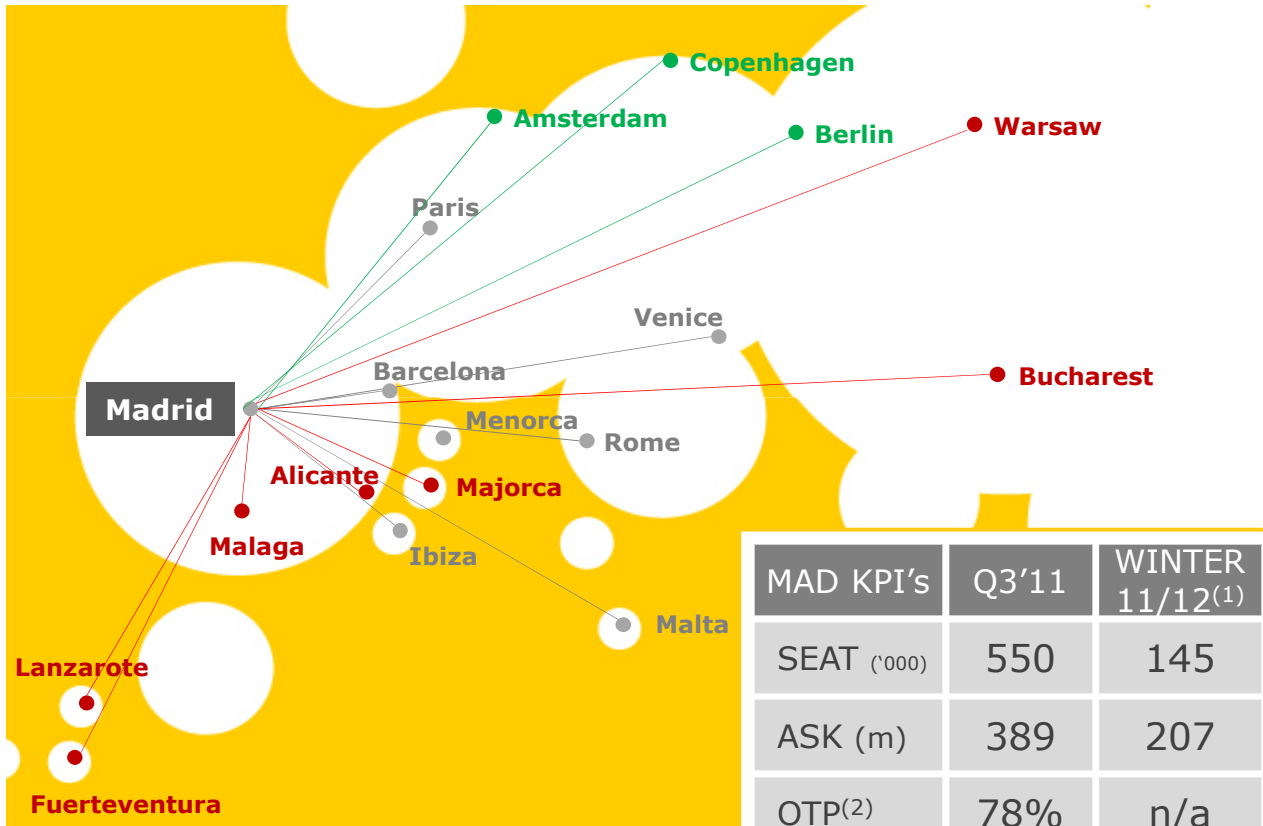
Connecting passengers Q3'11 ('000 pax)



- Vueling carried 369K connecting passengers in Q3'11
- Connecting passengers in Barcelona doubled versus last year in the same period
- Vueling-Other Airlines connections open the door to future agreements

Source: Vueling

The Madrid operation showed a good performance after six months



- The Madrid operation showed a good overall performance
- The operation has been extended to the winter season Q4'11/Q1'12
- Capacity equivalent to 2 aircraft in winter'11

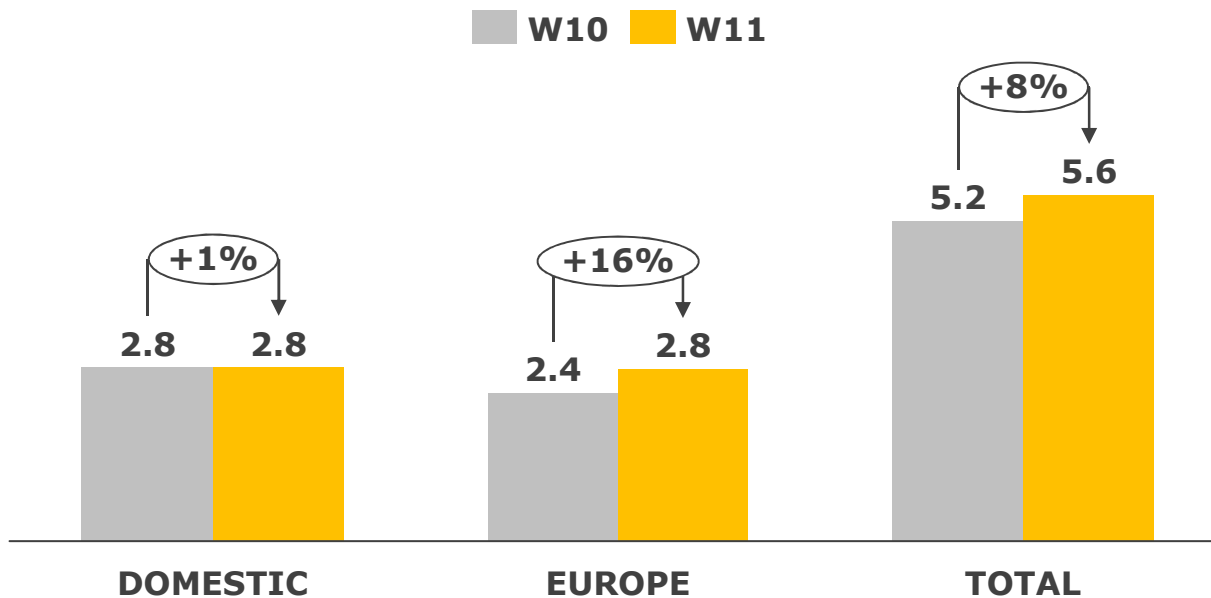
MAD KPI's	Q3'11	WINTER 11/12 ⁽¹⁾
SEAT ('000)	550	145
ASK (m)	389	207
OTP ⁽²⁾	78%	n/a

New winter season routes Iberia operation
Summer season routes Iberia operation
 Non Iberia operation routes

(1) Expected for November'11 – March'12
 (2) On time performance

Vueling will focus winter capacity growth in the European market

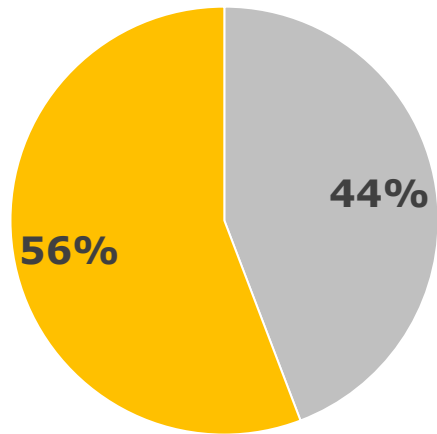
Winter capacity (million seats)



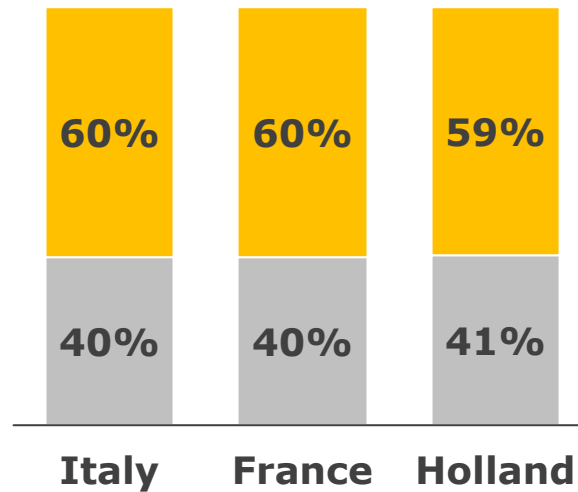
- The total number of seats will increase 8% vs. last winter
- International capacity will increase by 16%
- Domestic frequencies added in business and connecting routes

Vueling has a growing presence in the European market

Q3'11 Origin of sales in international routes













Q3'11 Origin of sales across the network



■ Spain ■ Other countries

- Vueling showed the ability to consolidate its presence in the European market
- Diversification of revenue origin is increasing
- New bases outside of Spain are contributing to Vueling internationalization

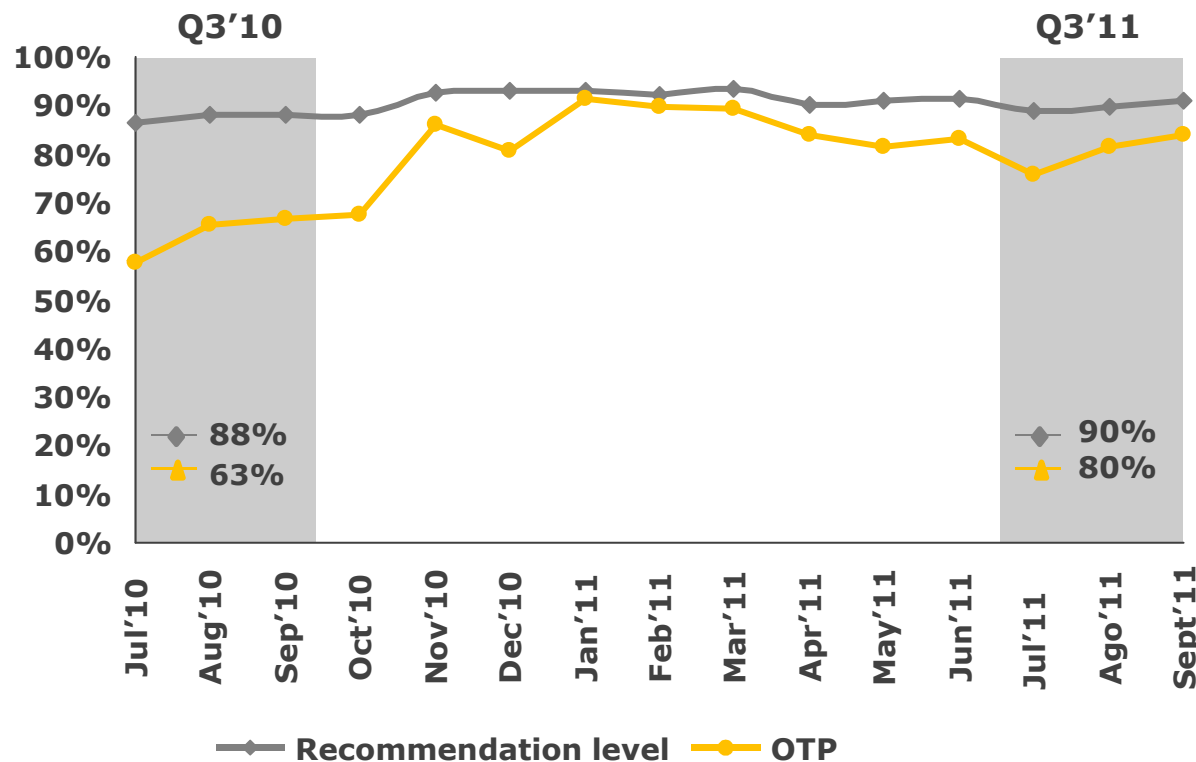
"It's Vueling Time, It's Business Time" ...just a curtain away from traditional business!

	go! Fare	flex Fare	duo Fare
Exclusive check-in desk in Barcelona and Madrid 	•	•	•
Preferential boarding 	•	•	•
Change of flight on the same day 	•	•	•
Selection of Optimum or Basic seats 	•	•	
Selection of XL seats 		•	
Total flexibility when making changes 		•	•
Refunds 		•	•
Snack and drink 			•
Guaranteed rack space for your hand luggage 			•
Empty middle seat, guaranteed 			•

- Vueling continues innovating in its services aimed at business passengers
- The new Duo service offers more features: snack & drink, empty middle seat, preferential treatment and guaranteed hand luggage space
- Maximizes yield in business routes

Excellent execution: consistently high On Time Performance and passenger recommendation levels

**OTP and passenger recommendation levels
Q3'10 vs. Q3'11**

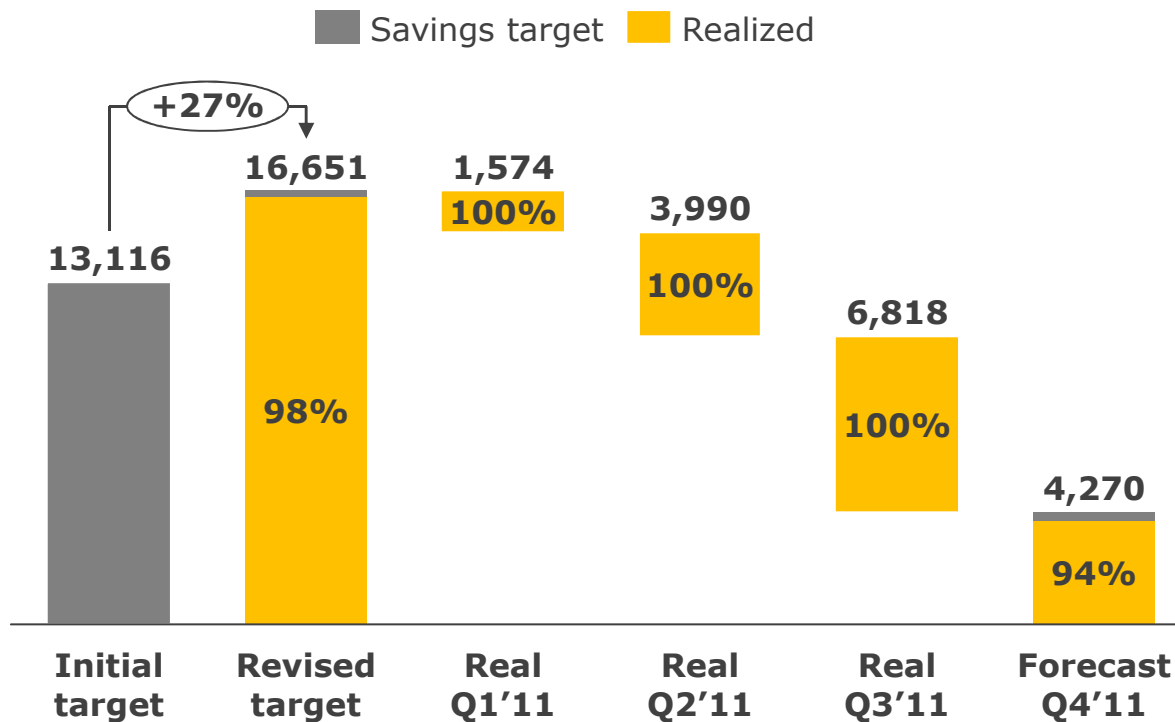


- Despite busy summer, OTP is at 80%
- Recommendation level is at 90%
- "9 out of 10 business passengers recommend Vueling"⁽¹⁾

(1) Source: Market surveys conducted by independent third parties.

Vueling is on track to obtain further structural cost reduction in 2011

Cost savings expected during 2011 (€ '000)



- Cost saving program target revised from the initial €13m to the present €16.6m, a 27% improvement
- 98% of the planned savings are already captured for FY2011
- Most cost savings are sustainable and will be maintained

Source: Vueling

D. Outlook

1. Opportunities

2. Risks

3. Outlook



Risks

- Potential increase in competitive pressure
- Continued weak Spanish domestic demand
- Long term sustained high fuel price environment
- CO₂ emissions, an additional cost for the industry

Outlook

- FY2011 expected annual growth of 10% in passengers and 6% in ASK
- FY2011 RASK and ex-fuel CASK similar to 2010 at comparable stage length
- Despite high fuel prices and a difficult operating environment, positive EBIT is expected for FY2011

Opportunities

- Continued industry consolidation
- European market continues to grow
- Exploring potential new agreements with other airlines

flying hoy means **vueling**

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Resultados tercer trimestre 2011

Vueling obtiene un beneficio operativo de 61 millones de euros en el tercer trimestre, un 2% superior al del año pasado

HECHOS DESTACABLES

Vueling ha obtenido un beneficio operativo (EBIT) de 60,8 millones de euros en el tercer trimestre de 2011, lo que representa una mejora del 2,4% respecto al tercer trimestre del año anterior, a pesar del fuerte incremento del precio del combustible que ha aumentado un 47,6% respecto al mismo periodo del año pasado. El resultado neto ha alcanzado los 41 millones de euros.

La compañía ha mostrado un significativo crecimiento de su actividad, aumentando el número de pasajeros transportados un 20,8% respecto al año anterior. Así, la aerolínea ha transportado 4,2 millones de pasajeros en el tercer trimestre de 2011. Vueling ha conseguido aumentar sus niveles de actividad mejorando el factor de ocupación de los vuelos en 3,1pp respecto al año anterior hasta alcanzar el 80,5%. Este aumento de la actividad se apoya tanto en las nuevas bases internacionales de Toulouse y Ámsterdam, como en la operativa del aeropuerto de Madrid que permite a Vueling alimentar los vuelos de largo radio de Iberia además de ampliar su operativa punto a punto.

La cifra de ingresos alcanzada por Vueling ha sido un 19,5% superior a la del año anterior en los meses de julio a septiembre. Este incremento de ingresos se produce por un aumento significativo del ingreso unitario por asiento kilómetro ofertado (IAKO) del 6,5% y un aumento de la actividad de la compañía (+12,2% de AKOs). Así, Vueling ha mostrado su capacidad de incrementar su actividad manteniendo un comportamiento positivo de su ingreso unitario.

Los costes de combustible han continuado aumentando este trimestre, alcanzando un incremento del 50,6% con respecto al mismo trimestre del año anterior. El precio del barril de Brent ha alcanzado un precio medio de 114,4 dólares por barril, un 47,6% más que en el tercer trimestre del año anterior cuando el precio era de 77,5 dólares por barril. La política de coberturas de la compañía ha permitido reducir este incremento de los costes de combustible de manera que el coste unitario de fuel por asiento kilómetro ofertado ha experimentado un aumento del 34,3%, menor que el 47,6% de aumento del precio del petróleo. En cuanto al resto de costes, han crecido en línea con el incremento de actividad de manera que el coste unitario excluyendo el fuel por asiento kilómetro ofertado se sitúa en 3,92c€.

Vueling continua reforzando su sólida estructura financiera y aumenta la caja disponible. La posición de caja neta de Vueling es de 285,5 millones de euros a 30 de septiembre de 2011. Así, la compañía continúa contando con una sólida situación financiera y sin endeudamiento financiero.

Tabla resumen de resultados

	Tercer trimestre		
	2011	2010	Var.
AKOs (millones)	4.643	4.138	+12%
Ingresos totales (miles de euros)	330.478	276.553	+20%
Gastos Fuel	87.453	58.055	+51%
Gastos ex Fuel	182.226	159.131	+15%
EBIT	60.800	59.367	+2%
EBT	58.548	61.875	-5%
Resultado neto	40.983	43.312	-5%

Según normas contables de aplicación en España. No auditado

EVOLUCIÓN DEL NEGOCIO TERCER TRIMESTRE 2011

Situación del mercado

El mercado español¹ ha crecido un 8% en número de pasajeros durante el tercer trimestre de 2011. Este crecimiento viene impulsado por la evolución positiva del mercado España-Europa (+10%), Ya que el mercado nacional España-España presenta aún una situación de crecimiento débil (+2%).

Por otro lado, en el tercer trimestre de 2011 Vueling se ha visto afectada por el **fuerte aumento del precio del petróleo**. El precio del barril de Brent ha alcanzado un precio medio este trimestre de 114,4 dólares, un 47,6% más que en el segundo trimestre del año anterior cuando el precio era de 77,5 dólares por barril. En este mismo periodo el dólar se ha depreciado un 9,4% con respecto al euro.

Actividad

Durante este tercer trimestre, Vueling ha aumentado de forma significativa su nivel de actividad. Así, el número de asientos ofertados se ha incrementado un 17% respecto al mismo periodo del año anterior y los pasajeros transportados han aumentado un 20,8% hasta alcanzar los 4.219.670. Este incremento se ha realizado aumentando el nivel de ocupación en 3,1 puntos porcentuales llegando a un nivel de ocupación del 80,5%.

¹ Incluye el mercado España-España y el mercado España-Europa. Fuente AENA.

Las principales magnitudes de tráfico han sido las siguientes:

	Tercer Trimestre		
	2011	2010	Var.
Núm. de vuelos	29.804	25.231	18,1%
Núm. de aviones	48	35	37,1%
AKOs (miles)	4.642.990	4.137.925	12,2%
PKTs (miles)	3.739.734	3.204.619	16,7%
Nivel de ocupación (PKT/AKO)	80,5%	77,5%	3,1pp
Pasajeros transportados (miles)	4.220	3.494	20,8%

Núm. aviones Aviones medios disponibles durante el periodo

AKO (pasajero-kilómetro ofertado): núm. de asientos volados multiplicado por el núm. de Km. volados

PKT (pasajero-kilómetro transportado): núm. de pasajeros transportados multiplicado por el núm. de Km. Volados

Ingresos

Vueling ha alcanzado una cifra total de ingresos de 330,5 millones de euros en el tercer trimestre de 2011. Esta cifra supone un aumento del 19,5% respecto al mismo periodo del año anterior. Este aumento de ingresos se debe tanto a la mejora del ingreso unitario como al significativo aumento de la actividad que se ha producido durante este trimestre, en el que la compañía ha incrementado en 12,2% el número de asientos kilómetro ofertados (AKO). Este crecimiento se ha producido con una mejora de 3,1 pp en el factor de ocupación, que ha alcanzado el 80,5%.

El ingreso unitario por asiento kilómetro ofertado ha incrementado un 6,5% durante este trimestre. Este incremento se debe a un mejor comportamiento del mercado en las rutas que opera Vueling, a la implantación de medidas de optimización de ingresos y a la mencionada mejora en el factor de ocupación.

Tanto los ingresos por transporte como los complementarios han aumentado respecto a los registrados en el año anterior. Así, los ingresos por tarifa han experimentado un aumento del 20% respecto al año anterior, mientras que los ingresos accesorios se han incrementado un 15,2%.

Costes

Los costes totales se han incrementado un 24,2% respecto al mismo periodo del año anterior. El principal incremento se ha producido en el coste de combustible que sube un 50,6%. El resto de costes (ex-fuel) aumenta un 14,5%, como consecuencia del aumento de actividad experimentado por la compañía (+12,2% de AKO).

El aumento del precio del fuel ha sido muy significativo durante el tercer trimestre 2011. Así, el precio medio del jet fuel de Julio a Septiembre 2011 ha sido de 1.020,5\$/Tm, mientras que en el mismo periodo de 2010 fue de 699,8\$/Tm, lo que representa un incremento del 46%. Este aumento ha tenido un efecto importante en la base de costes de Vueling. La política de coberturas llevada cabo por la compañía ha ayudado a suavizar este incremento de precio, lo que ha permitido que los costes unitarios por asiento

kilometro ofertado (AKO) de fuel aumentasen un 34,3% en el tercer trimestre 2011 respecto al año anterior.

El resto de costes ha crecido alineado con el aumento de actividad de la compañía. De esta manera, el coste unitario por asiento kilómetro ofertado excluyendo el fuel (CAKO ex-fuel) se ha situado en 3,92c€. El programa de reducción de costes implementado por la compañía ha permitido ahorrar 6,8 millones de euros durante el tercer trimestre del año.

Modelo de negocio

Durante el tercer trimestre de 2011, **Vueling ha experimentado un significativo aumento de pasajeros del 20,8%**. Este crecimiento se ha producido tanto a través de un incremento del tráfico internacional como del tráfico doméstico. A nivel internacional, las bases de Amsterdam y Toulouse han contribuido a este incremento. A nivel doméstico, la operativa de Madrid, basada en el acuerdo con Iberia, ha sido el principal motivo de este aumento.

Durante el periodo de Junio a Septiembre, **Vueling ha seguido aumentando el número de pasajeros en conexión transportados** hasta alcanzar una cifra de 369.000 pasajeros de conexión, aproximadamente cinco veces más que el mismo trimestre del año 2010. Este aumento de pasajeros en conexión proviene tanto de los vuelos en conexión Vueling-Vueling en Barcelona como los vuelos en conexión con otras aerolíneas tanto en Madrid como en Barcelona. Así, Vueling ha duplicado el número de pasajeros en conexión desde su hub de Barcelona respecto al año anterior.

La operación llevada a cabo por Vueling en Madrid que le permite operar conexiones para vuelos de Iberia ha funcionado de forma exitosa durante este trimestre, con buenos niveles de ocupación y puntualidad (78%). Esto ha permitido extender el acuerdo para la temporada de invierno (Noviembre'11-Marzo'12) donde Vueling operará tres rutas para Iberia.

En la temporada de invierno la compañía va a continuar incrementando su oferta internacional. Para la temporada de invierno la compañía tiene previsto aumentar un 8% el número de asientos ofertados, con un aumento de su oferta internacional del 16%.

Vueling ha mostrado durante este trimestre su capacidad para **seguir consolidando su presencia en mercados internacionales.** De esta manera, en las rutas internacionales, el 56% de los billetes se vendieron a pasajeros con origen fuera de España. En los principales mercados europeos esta cifra alcanza el 60% en Italia y Francia y el 59% en Holanda.

Vueling continúa mejorando sus servicios y productos para el pasajero de negocios. Así, Vueling ha lanzado el nuevo producto DUO que amplía servicios sobre el producto DUO anterior; un asiento en primera fila con el asiento contiguo vacío garantizado, bebida y snack a bordo y espacio garantizado para equipaje de mano. Este servicio se añade a la ya amplia lista de productos ofrecidos por Vueling a sus clientes de negocios como son el Pack Go y las tarifas flexibles.

La operativa de Vueling ha continuado mostrando un alto nivel de eficacia. Los niveles de puntualidad se han mantenido a un nivel superior que el mismo periodo del año anterior, alcanzando un 80%.

Finalmente, **Vueling ha continuado con su política de control de costes**. La implementación del programa de reducción de costes ha permitido un ahorro de 6,8 millones de euros en este trimestre. Además se ha incrementado un 27% el objetivo de ahorro anual alcanzando un total de 16,7 millones de euros frente a los 13,1 millones de euros previstos a comienzos del año. Al finalizar el tercer trimestre el 98% de los ahorros del plan estaban ya capturados.

PERSPECTIVAS 2011

El escenario para 2011 presenta una serie de oportunidades y de riesgos:

En cuanto a las oportunidades, en primer lugar Vueling contempla la posibilidad de que continúe el proceso de consolidación de la oferta en los mercados en los que opera. Esto ofrecería nuevas oportunidades de crecimiento para Vueling. Segundo, se espera que el mercado España-Europa continúe la tendencia de crecimiento de la cual Vueling se podría beneficiar. Finalmente, Vueling continuará explorando oportunidades de negocio a través de nuevos acuerdos comerciales con otras compañías.

En cuanto a los riesgos, el aumento de la presión competitiva en los mercados en los que opera supone una amenaza, así como el débil comportamiento de la demanda en el mercado doméstico de España. Otro riesgo significativo es un periodo prolongado de altos precios del petróleo. Finalmente, para el año 2012 el sector aéreo tendrá que afrontar el nuevo coste que suponen los derechos de emisión de CO₂.

De cara al cierre del año 2011, la compañía prevé alcanzar un incremento de actividad cercano al 10% en tráfico de pasajeros y de un 6% en asientos kilómetro ofertado (AKO).

En cuanto a los indicadores de gestión operativa, la compañía espera mantener un nivel similar del ingreso unitario (IAKO) y del coste unitario ex-fuel (CAKO ex-fuel) a etapa media comparable.

Por tanto, a pesar de los altos precios del combustible y del difícil entorno macro-económico y operativo, Vueling espera obtener un resultado positivo para el año 2011.

Cuenta trimestral de pérdidas y ganancias

	Tercer Trimestre		
	2011	2010	% Var.
(€, miles)			
Ingreso por tarifa	295.054	245.801	20,04%
Cargos y comisiones			
Ingresos accesorios puros	35.425	30.752	15,20%
Total ingresos	330.478	276.553	19,50%
Fuel	87.453	58.055	50,64%
Handling	41.638	34.678	20,07%
Tasas aeroportuarias	19.569	15.549	25,85%
Tasas de navegación	21.227	19.113	11,06%
Tripulación	6.548	5.047	29,75%
Mantenimiento	25.593	22.993	11,31%
Comercial y marketing	11.187	10.214	9,53%
Otros gastos	1.177	1.084	8,55%
Total costes variables	214.392	166.734	28,58%
Margen de contribución	116.086	109.819	5,71%
Tripulación_SF	10.987	11.733	-6,36%
Mantenimiento_SF	1.991	-174	1244,25%
Seguros de flota	1.009	794	27,07%
Arrendamiento de flota	28.576	24.446	16,89%
Otros costes de producción	2.177	2.080	4,67%
Total costes semifijos	44.741	38.879	15,08%
Margen operativo	71.346	70.940	0,57%
Publicidad	1.125	1.506	-25,28%
Amortización	1.688	1.473	14,62%
Gastos generales	7.733	8.594	-10,03%
Total costes fijos	10.546	11.573	-8,88%
EBIT	60.800	59.367	2,41%
Resultado financiero	2.252	-2.508	-189,80%
Resultado de los subarriendos	0	0	
Gastos Reestructuración	0	0	
EBT	58.548	61.875	-5,38%
Impuestos	17.564	18.562	-5,38%
Resultado neto	40.983	43.312	-5,38%
EBITDAR	91.064	85.286	6,77%

Según normas contables de aplicación en España. No auditado

Indicadores operativos y financieros trimestrales

	Tercer Trimestre		
	2011	2010	% Var.
INGRESOS			
Ingresos totales (miles de euros)	330.478	276.553	19,50%
Ingreso total por pasajero (euros)	78,32	79,15	-1,05%
Ingreso por vuelo (euros)	11.088	10.961	1,16%
Tarifa media por pasajero (euros)	69,92	70,35	-0,60%
Ingreso medio accesorio puro / pasaj.(euros)	8,40	8,80	-4,61%
Ingreso por AKO (céntimos de euro)	7,12	6,68	6,50%
COSTES			
Gastos totales (miles de euros)	269.679	217.186	24,17%
Coste por AKO, Incl. fuel (céntimos de euro)	5,81	5,25	10,66%
Coste de fuel por AKO (céntimos de euro)	1,88	1,40	34,25%
Coste por AKO, ex. fuel (céntimos de euro)	3,92	3,85	2,06%
EBITDAR (miles de euros)	91.064	85.286	6,77%
Margen de EBITDAR (%)	28%	31%	-10,65%
BAII/EBIT (miles de euros)	60.800	59.367	2,41%
Margen de BAII/EBIT (%)	18%	21%	-14,30%
EBT (miles de euros)	58.548	61.875	-5,38%
Margen de EBT (%)	18%	22%	-20,82%
Resultado neto (miles de euros)	40.983	43.312	-5,38%
Margen de Resultado neto (%)	12%	16%	-20,82%
OPERATIVA			
AKOs (millones)	4.643	4.138	12,21%
PKTs (millones)	3.740	3.205	16,70%
Vuelos	29.804	25.231	18,12%
Número medio de aviones operados	48	35	37,14%
Núm. medio de horas bloque por día y avión	11,26	13,24	-14,92%
Número medio de vuelos por día y avión	6,75	7,84	-13,87%
Número total de asientos volados (miles)	5.329	4.539	17,41%
Distancia media volada (km)	871	912	-4,43%
Número total de pasajeros (miles)	4.220	3.494	20,77%
Factor de ocupación (PKT/AKO, %)	81%	77%	3,1 pp

Según normas contables de aplicación en España. No auditado

Balance a 30/09/2011

	30/9/2011	31/12/2010
(€, miles)		
ACTIVO		
Inmovilizado intangible	62.794	61.931
Inmovilizado material	3.489	6.154
Inversiones financieras a largo plazo	116.251	102.525
Activo por impuesto diferido	50.812	58.875
Total activo no corriente	233.346	229.485
Existencias	2.341	1.053
Deudores comerciales y otras cuentas a cobrar	73.954	30.795
Inversiones financieras a corto plazo	290.370	208.808
Periodificaciones a corto plazo	9.289	5.133
Efectivo y otros activos líquidos equivalentes	28.769	35.972
Total activo corriente	404.723	281.761
TOTAL ACTIVO	638.069	511.246
PASIVO		
Total patrimonio neto	232.386	199.376
Provisiones a largo plazo	165.474	129.848
Deudas a largo plazo	139	0
Pasivos por impuesto diferido	20.301	14.041
Periodificaciones a largo plazo	0	0
Total pasivo no corriente	185.914	143.889
Deudores a corto plazo	18.620	25.138
Acreedores comerciales y otras cuentas a pagar	154.150	109.043
Periodificaciones a corto plazo	46.999	33.800
Total pasivo corriente	219.769	167.981
TOTAL PATRIMONIO NETO + PASIVO	638.069	511.246

Según normas contables de aplicación en España. No auditado

Third quarter 2011 results

Vueling achieves an operating profit of 61 million Euros in the third quarter of the year, a 2% increase compared to last year

HIGHLIGHTS

Vueling achieved an operating profit (EBIT) of 60.8 million Euros in the third quarter of the year, a 2.4% increase compared to the third quarter of last year, despite the strong rise in the fuel price (+47.6% year-on-year). The net result for the period reached 41 million Euros.

Vueling showed a significant growth in activity, increasing the number of carried passengers by 20.8% versus last year. The airline carried 4.2 million passengers in the third quarter of 2011. Vueling increased its activity levels while improving the load factor of its flights to reach 80.5%, a 3.1pp increase compared to last year. The increase in activity is due to the new bases of Toulouse and Amsterdam, as well as the Madrid operation that allows Vueling to feed Iberia's long haul flights, and Vueling point to point operations.

Total revenues were 19.5% higher than last year in the months from July to September. The increase in revenues is due to a 6.5% improvement in revenue per available seat kilometer (RASK), and an increase in the company's activity (+12.2% in ASK). Vueling showed the ability to increase its activity while improving yield.

Fuel costs continued to climb in the third quarter, reaching a 50.6% increase compared to the same period of last year. The Brent barrel average price for the period was 114.4 dollars per barrel, which is 47.6% higher than the third quarter of last year, when the average price was at 77.5 dollars per barrel. Vueling's hedging policy partially offset the increase in the price of fuel, the fuel cost per available seat kilometer increased by 34.3%, which is lower than the 47.6% rise in the fuel price. Other costs grew in line with the increase in activity levels, resulting in a cost per available seat kilometer of 3.92c€.

Vueling maintains a solid financial position and improved available cash. The net cash position amounted to 285.5 million Euros as of September 30th 2011. Therefore, the company maintains a solid financial position with no debt.

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Summary of results

	Third quarter		
	2011	2010	Var.
ASK (million)	4,643	4,138	+12%
Total revenue (thousand Euros)	330,478	276,553	+20%
Fuel Costs	87,453	58,055	+51%
Ex-Fuel Costs	182,226	159,131	+15%
EBIT	60,800	59,367	+2%
EBT	58,548	61,875	-5%
Net profit/loss	40,983	43,312	-5%

In accordance with accounting standards applicable in Spain. Not audited

BUSINESS DEVELOPEMENT THIRD QUARTER 2011

Market situation

The Spanish market¹ grew by 8% in passenger numbers in the third quarter of the year. This growth was driven by the positive evolution of the Spain-Europe market (+10%), as the Spain-Spain domestic market still shows weak growth (+2%).

Furthermore, in the third quarter of 2011, Vueling was affected by the **sharp increase in fuel prices**. The price of the Brent barrel reached an average price of 114.4 dollars per barrel, 47.6% higher than the third quarter of last year, when the price was 77.5 dollars per barrel. During the same time period, the US Dollar has depreciated 9.4% against the Euro.

Activity

In the third quarter, Vueling increased significantly its level of activity. The number of available seats rose by 17 % compared to the third quarter of last year, and the number of carried passengers increased by 20.8% to reach 4.219.670. This increase was achieved by improving the load factor up to 80.5%, which is 3.1pp higher than the same period of last year.

¹ Includes the Spain-Spain market and the Spain-Europe market adjusted for the effects of the volcanic ash cloud. Source: AENA and Vueling.

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The key traffic figures were as follows:

	Third quarter		
	2011	2010	Var.
Number of flights	29,804	25,231	18,1%
Number of aircraft	48	35	37,1%
ASK (thousand)	4,642.990	4,137.925	12,2%
PKT (thousand)	3,739.734	3,204.619	16,7%
Load Factor LF (PKT/ASK)	80,6%	77,5%	3,1pp
Passengers carried (thousand)	4,220	3,494	20,8%

Number of aircraft: Average available aircraft during the period

ASK (available seat kilometre): number of seats flown multiplied by the number of kilometres flown

PKT (passenger kilometre travelled): number of passengers carried multiplied by the number of kilometres flown

Revenues

Vueling achieved total revenues of 330.5 million Euros in the third quarter of 2011. This figure represents an increase of 19.5% compared to the same period of last year. The increase in revenues was driven by the significant increase in activity over the quarter, as the number of available seat kilometres (ASK) grew by 12.2%. This increase in activity took place while improving the load factor by 3.1 pp to reach 80.5%.

The unit revenue per available seat kilometer (RASK) increased by 6.5% year-on-year. This increase is due to a better market performance on Vueling routes, the implementation of revenue optimization initiatives and the improvement in load factor.

Both passenger revenues and ancillary revenues have increased compared to last year. Accordingly, ticket revenues experienced a 20% increase compared with last year, while ancillary revenues rose by 15.2%.

Costs

Total costs increased by 24.2% compared to the same period of last year. The main increase occurred in fuel costs, which rose by 50.6%. Other costs (ex-fuel) rose by 14.5%, in line with the activity growth (+12.2% ASK).

The increase in fuel price was very significant over the third quarter of 2011. The average price of fuel from July to September 2011 was 1,020.5\$/mT, while in 2010 it was 699.8\$/mT, an increase of 46%. This rise in the price of fuel had a significant effect on Vueling's cost base. Even though the company's hedging policy helped to mitigate part of the price increase, unit fuel cost per available seat kilometer (ASK) rose by 34.3% in the third quarter of 2011 compared to last year.

Other costs grew in line with the increase in the company's activity. The unit cost per available seat kilometer excluding fuel (CASK ex-fuel) stood at 3.92c€. The successful implementation of the cost reduction program led to savings of 6.8 million Euros in the third quarter of the year.

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Business Model

Over the third quarter of 2011, **Vueling saw a significant increase in passenger numbers (+20.8%)**. This growth was the result of an increase both, the international and the domestic traffic. The new bases in Amsterdam and Toulouse positively contributed to the growth in international traffic. At a domestic level, the Madrid operation based on the agreement with Iberia was the main factor behind such increase.

Over the period from July to September, **Vueling managed to increase the number of connecting passengers carried** to reach 369,000, approximately five times more than the same period of last year. This increase in connecting passengers is the result of Vueling-Vueling connecting flights in Barcelona and the connecting flights with other airlines both in Madrid and Barcelona. Thus, Vueling has doubled the number of connecting passengers in its Barcelona hub compared to last year.

The operation carried out by Vueling in Madrid, which allows it to operate connections for Iberia flights, performed successfully over this quarter, with good load factor and punctuality levels (78%). This successful performance enabled the extension of the agreement for the winter season (November'11-March'12), in which Vueling will be operating three Iberia routes.

In the winter season Vueling will continue increasing its international routes. For the winter season the company plans to increase the number of seats offered by 8%, with a 16% increase in its international routes.

Over this quarter, **Vueling showed the ability to consolidate its presence in the European market**. This way, in international routes, 56% of the tickets were sold to passengers with an origin outside of Spain. In Vueling's main European markets such figure reaches up to 60% in Italy and France and 59% in Holland.

Vueling continues innovating its products and services for business passengers. Accordingly, Vueling just launched the new DUO product, with expanded services over the former DUO; a seat in the first row with a guaranteed empty middle seat, a free snack and drink and guaranteed rack space for hand luggage. This service adds to the existing products that Vueling offers to business passengers, such as the Pack Go and flexible fares.

Vueling's operations continued to show a high level of efficiency. Punctuality levels reached 80%, higher than the same period of last year.

Finally, **Vueling continued its cost control policy**. The successful implementation of the cost savings program has allowed savings of 6.8 million Euros this quarter. Moreover, the annual cost savings target has increased to a total of 16.7 million Euros compared to the 13.1 million Euros initially estimated at the beginning of the year. By the end of the third quarter, Vueling had already captured 98% of the expected annual savings.

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OUTLOOK FOR 2011

The outlook for 2011 presents a series of opportunities and risks:

With regard to the opportunities, firstly, Vueling envisages the possibility of a greater process of consolidation in the markets in which it operates. This would offer new growth opportunities to Vueling. Secondly, Vueling could benefit from the Spain-Europe market growth, which is expected to continue. Finally, Vueling will continue exploring opportunities to reach new commercial agreements with other airlines.

With regard to the risks, the increase in competitive pressure in the markets where it operates is a threat. Another risk is the continued weak demand in the Spanish domestic market. Another significant risk is a prolonged period of sustained high oil prices. Finally, in 2012 the airline industry will have to face the incremental cost of the CO₂ emission rights.

As it relates to the full year 2011 outlook, the company expects to achieve an activity increase of 10% in the number passengers and a 6% increase in available seat kilometers (ASK) compared to the previous year.

As far as other operating indicators, the company expects to maintain similar unit revenues (RASK) and ex-fuel unit costs (CASK ex-fuel) on a comparable stage length basis.

Accordingly, despite high fuel prices and a difficult macroeconomic and operating environment, Vueling expects to obtain a positive result for FY2011.

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Quarterly profit and loss account

	Third Quarter		
	2011	2010	% Var.
(€ thousand)			
Ticket revenue	295.054	245.801	20,04%
Fees and charges			
Pure ancillary revenue	35.425	30.752	15,20%
Total revenue	330.478	276.553	19,50%
Fuel	87.453	58.055	50,64%
Handling	41.638	34.678	20,07%
Airport fees	19.569	15.549	25,85%
Navigation fees	21.227	19.113	11,06%
Crew	6.548	5.047	29,75%
Maintenance	25.593	22.993	11,31%
Commercial and marketing	11.187	10.214	9,53%
Other expenses	1.177	1.084	8,55%
Total variable costs	214.392	166.734	28,58%
Contribution margin	116.086	109.819	5,71%
Crew SF	10.987	11.733	-6,36%
Maintenance SF	1.991	-174	1244,25%
Fleet insurance	1.009	794	27,07%
Fleet leases	28.576	24.446	16,89%
Other production costs	2.177	2.080	4,67%
Total semi-fixed costs	44.741	38.879	15,08%
Operating margin	71.346	70.940	0,57%
Advertising	1.125	1.506	-25,28%
Depreciation/amortisation	1.688	1.473	14,62%
General expenses	7.733	8.594	-10,03%
Total fixed costs	10.546	11.573	-8,88%
EBIT	60.800	59.367	2,41%
Financial profit/loss	2.252	-2.508	-189,80%
Profit/loss from sub-leases	0	0	
Restructuring expenses	0	0	
EBT	58.548	61.875	-5,38%
Taxes	17.564	18.562	-5,38%
Net profit/loss	40.983	43.312	-5,38%
EBITDAR	91.064	85.286	6,77%

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Quarterly operating and financial statistics

	Third Quarter		
	2011	2010	% Var.
REVENUE			
Total revenue (thousand euros)	330.478	276.553	19,50%
Total revenue per passenger (euros)	78,32	79,15	-1,05%
Revenue per flight (euros)	11.088	10.961	1,16%
Average fare per passenger (euros)	69,92	70,35	-0,60%
Average pure ancillary revenue per passenger (euros)	8,40	8,80	-4,61%
Revenue per ASK (eurocents)	7,12	6,68	6,50%
COSTS			
Total expenses (thousand euros)	269.679	217.186	24,17%
Cost per ASK inc. fuel (eurocents)	5,81	5,25	10,66%
Fuel cost per ASK (eurocents)	1,88	1,40	34,25%
Cost per ASK ex. fuel (eurocents)	3,92	3,85	2,06%
EBITDAR (thousand euros)	91.064	85.286	6,77%
EBITDAR margin (%)	28%	31%	-10,65%
EBIT (thousand euros)	60.800	59.367	2,41%
EBIT margin (%)	18%	21%	-14,30%
EBT (thousand euros)	58.548	61.875	-5,38%
EBT margin (%)	18%	22%	-20,82%
NET PROFIT (thousand euros)	40.983	43.312	-5,38%
NET PROFIT margin (%)	12%	16%	-20,82%
OPERATIONS			
ASK (million)	4.643	4.138	12,21%
PKT (million)	3.740	3.205	16,70%
Flights	29.804	25.231	18,12%
Average number of aircraft in operation	48	35	37,14%
Average block hours per aircraft and day	11,26	13,24	-14,92%
Average number of flights per aircraft and day	6,75	7,84	-13,87%
Total number of seats flown (thousand)	5.329	4.539	17,41%
Average stage length (Km)	871	912	-4,43%
Total number of passengers (thousand)	4.220	3.494	20,77%
Load Factor (PKT/ASK, %)	81%	77%	3,1 pp

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Balance sheet as of 30/09/2011

(€ thousand)	30/9/2011	31/12/2010
ASSETS		
Intangible fixed assets	62.794	61.931
Tangible fixed assets	3.489	6.154
Long term financial investments	116.251	102.525
Deferred tax assets	50.812	58.875
Total non-current assets	233.346	229.485
Inventories	2.341	1.053
Trade debtors and other accounts receivable	73.954	30.795
Short term financial investments	290.370	208.808
Deferred expenses	9.289	5.133
Cash and cash equivalents	28.769	35.972
Total current assets	404.723	281.761
TOTAL ASSETS	638.069	511.246
LIABILITIES		
Total net equity	232.386	199.376
Long term provisions	165.474	129.848
Other long term liabilities	139	0
Deferred tax liabilities	20.301	14.041
Long term accruals	0	0
Total non-current liabilities	185.914	143.889
Short term debt	18.620	25.138
Trade creditors and other accounts payable	154.150	109.043
Short term accrued liabilities	46.999	33.800
Total current liabilities	219.769	167.981
TOTAL NET EQUITY AND LIABILITIES	638.069	511.246

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